

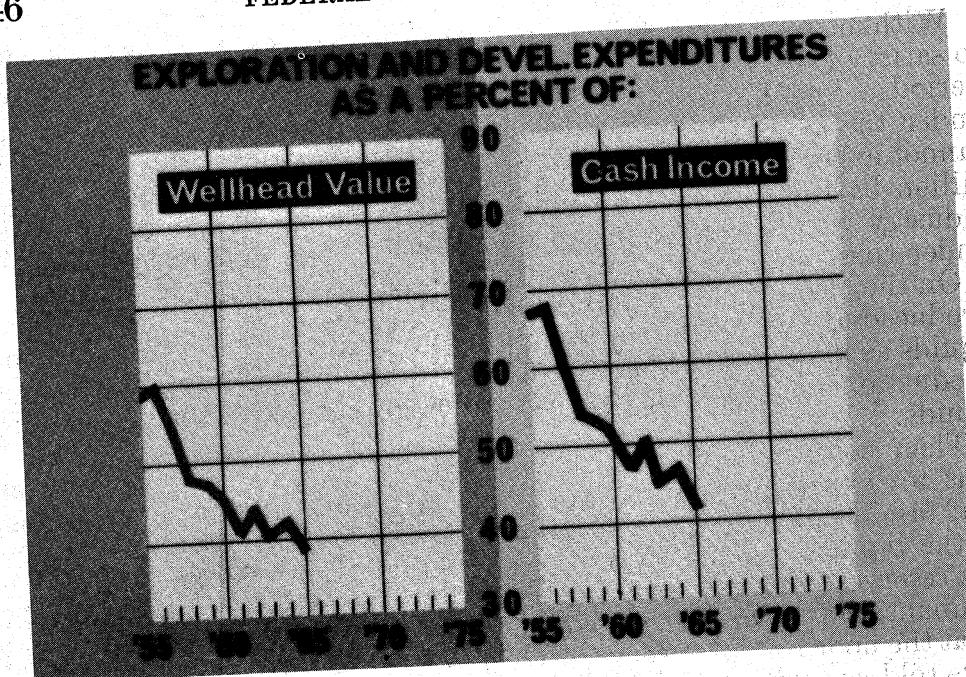


CHART 48

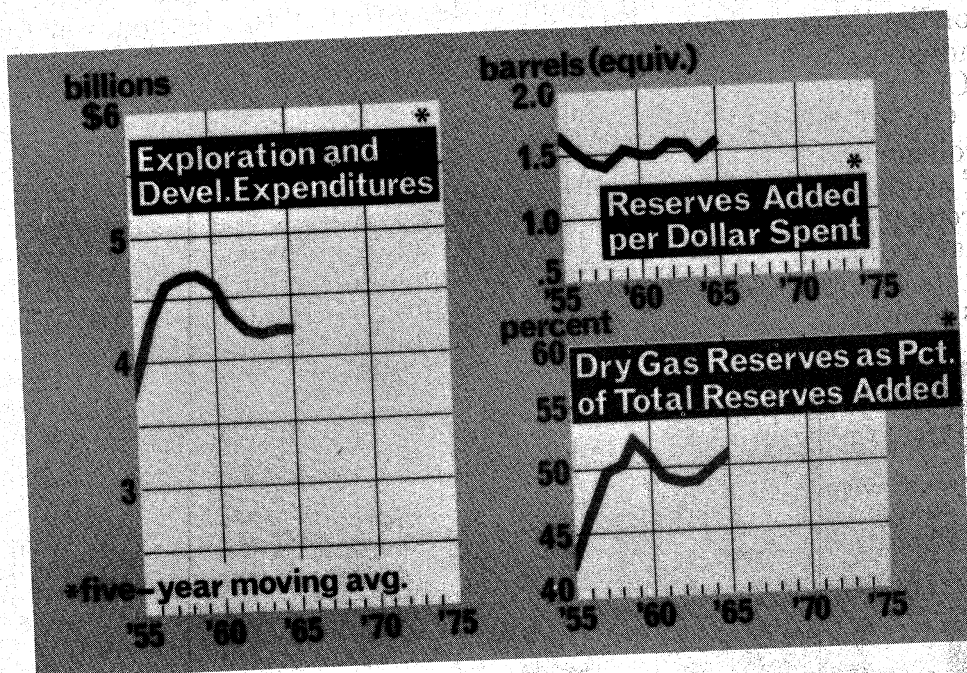


CHART 49

We have presumed that the industry will go on spending at the rate of \$4.25 billion a year and will continue to find a barrel and a half for each dollar spent, the same proportion as in the past. I should add that virtually no one in the petroleum industry believes that they will be able to find a barrel and a half of reserves per dollar spent.

It is also pointed out that increasingly more money may be spent for purposes of secondary recovery, and in that case it is reasonable to expect the proportion of gas and liquids to change—liquids to increase and gas to go down. If you will agree with me for the moment that these projections are reasonable, let us move ahead and see what would happen.